
A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Medicaid is a state program that provides
2 health care to certain low-income individuals and families. The
3 State sets the criteria for eligibility, determines the services
4 that are available, and administers the program. As with all
5 states, Hawaii's medicaid program is funded in large part by the
6 federal government.

7 Medicaid operates in partnership with Hawaii's health care
8 providers, as it does not employ health care practitioners, but
9 rather, pays health care providers for services rendered to
10 medicaid participants.

11 Prior to 1994, medicaid paid providers directly on a fee-
12 for-services basis. In 1994, the QUEST program was implemented
13 to provide health care to many medicaid participants through a
14 managed care approach. The State now contracts with health care
15 insurance plans and pays each plan a capitated amount for each
16 participant. The health plans in turn pay providers that
17 deliver care to medicaid participants.

1 QUEST-Ex was implemented to provide care on a managed care
2 basis to the medicaid aged, blind, and disabled population.
3 Since QUEST-Ex began operating, health care providers have
4 experienced many cases of delayed payments from health care
5 plans contracting with the State. As a result of the delays,
6 many providers have experienced severe financial difficulties
7 that impact the providers' ability to deliver quality care.

8 The "clean claims" law under section 431:13-108, Hawaii
9 Revised Statutes, requires health plans to pay providers on a
10 timely basis when uncontested claims are submitted.
11 Specifically, the law requires payments to be made within thirty
12 days for clean claims submitted in writing, and within fifteen
13 days for clean claims submitted electronically.

14 However, the law contains an exemption for medicaid. As a
15 result, health plans contracted by the State under medicaid may
16 delay payments without penalty while health care providers are
17 left to suffer.

18 The purpose of this Act is to repeal the exemption from the
19 clean claims law for health plans contracting with the State
20 under medicaid and require the State to pay interest on delayed
21 payments, unless certain circumstances apply.

1 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§346- Medicaid payments. (a) The State shall pay a
5 health plan with which it has contracted under the State's
6 medicaid program according to the terms of the contract. In the
7 event that circumstances prevent the State from complying with
8 this section, the State shall pay the health plan interest on
9 any amounts remaining unpaid at a rate equal to fifteen per cent
10 per year, commencing on the day after payment is due and ending
11 on the date of payment.

12 (b) This section shall not apply in those cases where a
13 delay in payment is due to:

14 (1) A bona fide dispute between the State or any county
15 and the contracting health plan concerning the
16 services or goods contracted for;

17 (2) A labor dispute;

18 (3) A power or mechanical failure;

19 (4) Fire; or

20 (5) Acts of God."

1 SECTION 3. Section 431:13-108, Hawaii Revised Statutes, is
2 amended by amending the definition of "clean claim" in
3 subsection (j) to read as follows:

4 "Clean claim" ~~[means]~~:

5 (1) Means a claim in which the information in the
6 possession of an entity adequately indicates that:

7 ~~[(1)]~~ (A) The claim is for a covered health care service
8 provided by an eligible health care provider to a
9 covered person under the contract;

10 ~~[(2)]~~ (B) The claim has no material defect or impropriety;

11 ~~[(3)]~~ (C) There is no dispute regarding the amount claimed;
12 and

13 ~~[(4)]~~ (D) The payer has no reason to believe that the claim
14 was submitted fraudulently.

15 ~~[The term does]~~ (2) Does not include:

16 ~~[(1)]~~ (A) Claims for payment of expenses incurred during a
17 period of time when premiums were delinquent;

18 ~~[(2)]~~ (B) Claims that are submitted fraudulently or that
19 are based upon material misrepresentations; and

20 ~~[(3) Medicaid or Medigap claims; and~~

21 ~~-(4)]~~ (C) Claims that require a coordination of benefits,
22 subrogation, or preexisting condition

1 investigations, or that involve third-party
2 liability."

3 SECTION 4. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on July 1, 2050.

6

Report Title:

Medicaid; Health Insurance; Payment

Description:

Requires health insurers to promptly pay claims for services to medicaid recipients, by repealing the exemption for medicaid claims from the clean claims law. Requires the State to pay interest on delayed payments. Takes effect July 1, 2050. (SD1)

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